

Message Text

CONFIDENTIAL

PAGE 01 QUITO 00034 041236Z

ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02

SS-15 STR-04 TRSE-00 ACDA-07 SSO-00 USIE-00 INRE-00

NSCE-00 /091 W

-----041239Z 066375 /22

O 041140Z JAN 77

FM AMEMBASSY QUITO

TO SECSTATE WASHDC NIACT IMMEDIATE 2723

C O N F I D E N T I A L QUITO 0034

FOR DELIVERY OPENING OF BUSINESS JAN 4., 1977

E.O. 11652: GDS

TAGS: ENRG, EINV, PFOR, EC

SUBJECT: GULF-GOE NEGOTIATIONS

1. SUMMARY: GULF AND THE GOE SEEM TO HAVE REACHED A FINAL AGREEMENT. AGREEMENT WILL BE SIGNED JANUARY 4 AND CHECKS EXCHANGED LATER IN THE WEEK. END SUMMARY:

2. LOCAL GULF MANAGER JACK O'BRIEN CALLED ON AMBASSADOR MIDNIGHT JAN 3 AFTER SEVEN HOUR NEGOTIATING SESSION TO PRESENT HIM WITH A DRAFT COPY OF THE FINAL AGREEMENT BETWEEN GULF AND THE GOE. PRINCIPAL TERMS OF AGREEMENT ARE UNCHANGED. GULF HAS AGREED, HOWEVER, TO SUBSIDIZE THE DIFFERENCE BETWEEN PRIME RATE OF DECEMBER 31 (APPROXIMATELY SIX AND ONE QUARTER PERCENT) AND WHATEVER THE PRIME RATE MAY BE DURING THE LIFE OF THE LOAN PLUS TWO AND ONE HALF PER CENT.

3. UNDER THE TERMS OF THE AGREEMENT CEPE HAS 60 DAYS TO OBTAIN A LOAN TO PAY GULF. IF GULF CAN OBTAIN A MORE FAVORABLE LOAN WITHIN SIXTY DAYS THEREAFTER, CEPE IS OBLIGATED TO ACCEPT IT. O'BRIEN EXPLAINED THAT GULF IS CONFIDENT THAT IT CAN OBTAIN CONFIDENTIAL

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A FIXED INTEREST LOAN FOR CEPE, AT APPROXIMATELY TWO POINTS OVER THE CURRENT PRIME RATE. (THERE COULD STILL BE A DISAGREEMENT ABOUT WHOSE LOAN IS BETTER.)

4. DECREE CONTAINS A QUITCLAIM WHICH ABSOLVES GULF (AND GOE) OF ANY AND ALL CLAIMS ONCE DECREE IS SIGNED EXCEPT THOSE DERIVING FROM DECREE ITSELF (E.G. REFUSAL

TO ABIDE BY A CLAUSE OF DECREE).

5. ALL REFERENCES TO DECREE 285 HAVE BEEN ELIMINATED FROM THE FINAL AGREEMENT, SINCE O'BRIEN HAS AGREED TO SIGN AN "ACTA" WITH THE MINISTER OF NATURAL RESOURCES TRANSFERRING 650,000 BARRELS TO CEPE AT COST AND THUS CANCELLING THE GOE'S CLAIMS AGAINST GULF UNDER DECREE 285.

6. O'BRIEN ADDED THAT THE ACTUAL MECHANISMS FOR SIMULTANEOUS TRANSFER OF THE GOE'S PAYMENT OF \$82.1 MILLION AND GULF'S DEPOSITS ARE STILL PENDING. HE WAS CONFIDENT, HOWEVER, THAT SEVILLA WOULD BE ABLE TO ARRANGE A SMOOTH TRANSFER.

7. O'BRIEN SAID ONE LOOPHOLE STILL REMAINED: GULF HAS NO ASSURANCE THAT THE AUDIT WILL BE FINISHED WITHIN THE STIPULATED ELEVEN MONTHS AND THERE IS NO PROVISION THAT THE LETTER OF CREDIT WILL BE ACTIVATED IF THE AUDIT IS NOT COMPLETED. IT MIGHT THEREFORE TURN OUT TO BE DIFFICULT FOR GULF TO COLLECT \$35 MILLION WITHIN A REASONABLE PERIOD.

8. COPY OF DECREE WILL BE CABLED TODAY.
BLOOMFIELD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, NATIONALIZATION, NEGOTIATIONS, LOANS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977QUITO00034
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770002-1329
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770182/aaaactkx.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 09065ddd-c288-dd11-92da-001cc4696bcc
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Original Classification: CONFIDENTIAL
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Retention: 0
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3666962
Secure: OPEN
Status: NATIVE
Subject: GULF-GOE NEGOTIATIONS
TAGS: ENRG, EINV, PFOR, EC, US, GULF OIL CORP, (O\BRIEN, JACK)
To: STATE
Type: TE
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Review Markings:
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